M/s MORIGERI TRADERS (Commission Agents, Survey No.199, Plot No.1, A.P.M.C. Yard, Byadgi-581106), GSTIN 29CDPPM6408N1ZP

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 23/2019, Date: 12-09-2019 Dated **12.09.2019**

Q Questions Before the Authority

- Whether the applicant, a commission agent, is required to be registered under the GST Act?
- If so, under which section the commission agents are to be registered?
- Whether Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 (as amended) and Notification No. 9/2017-Integrated Tax (Rate) dated 28.06.2017, Serial No. 54(g), issued under section 11 of the CGST Act, are applicable to commission agents of APMC?
- If not, to whom do the said notifications apply, and under what circumstances are they applicable?
- Whether dry chilly is covered under the definition of agricultural produce?
- If not, what kind of produce is dry chilly, what is its HSN code, and what is the rate of GST on it?

F Facts

The applicant is a proprietary commission agent in the Byadgi A.P.M.C. Yard that sells dry chillies on behalf of farmers (principals) to traders. It issues invoices to the traders in its own name, as the APMC Act requires, and issues sale particulars to the farmers, collecting a commission of 2% from the trader. The applicant states that it does not fix the price, hold stock, or own the goods, since delivery to the trader is made on the same day.

H Ruling

Q1 and Q2: Is the commission agent required to register, and under which section?	****Yes, required to register under section 22(1) of the CGST Act, 2017.****	The applicant qualifies as an agent under para 3 of Schedule I because it raises the invoice in its own name. Section 23 exemption does not apply to the goods supply.
Q3 and Q4: Is Notification 12/2017-CT(Rate) Sl. No. 54(g) applicable to APMC commission agents, and to whom and when does it apply?	****Applicable to the applicant. Services by a commission agent to the principal for sale of agricultural produce are exempt.****	The exemption covers the services to the farmer only. The supply of dry chillies to the traders under the applicant's invoice is liable to tax, as discussed in para 6.8 (HSN 0904, 5% under Sl. No. 38 of Schedule I to Notification 01/2017-CT(Rate)).
Q5 and Q6: Is dry chilly agricultural produce, and if not, its HSN and GST rate?	****Yes, dry chilly is covered under the definition of agricultural produce.****	The ruling answers only the first limb. The HSN and rate figures appear in the reasoning at para 6.8, not in the ruling itself.

The authority held that the applicant qualifies as an agent under para 3 of Schedule I to the CGST Act and is required to register under section 22(1). Its services to the farmer for sale of dry chillies, being a commission agent's services for sale of agricultural produce, are exempt under entry 54(g) of Notification No. 12/2017-CT(Rate). However, the supply of dry chillies to the traders under the applicant's own invoice is a taxable supply of goods. Dry chillies are agricultural produce under para 2(d) of the notification.

R Reasoning

The authority relied on the definition of agent in section 2(5) and para 3 of Schedule I, holding that an agent who issues invoices in its own name has authority to pass title to goods, so it is an agent for goods supply. It applied section 22(1) for registration, noting that section 24(vii) does not apply because the farmer principal is not a taxable person. Entry 54(g) of Notification 12/2017-CT(Rate), read with para 2(d) defining agricultural produce, was applied to exempt the commission service. The authority also relied on para 8 and para 9 of Circular No. 57/31/2018-GST dated 04.09.2018 (Scenario 4), which contrasts the position where the agent's invoice is issued in the principal's name.

P Provisions Relied On

- Section 2(5) CGST Act (definition of agent)
- Section 2(108) CGST Act (supply)
- Section 22(1) CGST Act (liability to registration)
- Section 23(1)(a) and (b) CGST Act (persons not liable to registration)
- Section 24(vii) CGST Act (compulsory registration of persons supplying on behalf of taxable persons)
- Section 11 CGST Act
- Schedule I, para 3 CGST Act (supply of goods between principal and agent)
- Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, entry 54(g) and para 2(d)
- Notification No. 9/2017-Integrated Tax (Rate) dated 28.06.2017, Serial No. 54(g)
- Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017, Sl. No. 38 of Schedule I
- Circular No. 57/31/2018-GST dated 04.09.2018, paras 8 and 9 (Scenario 4)
- Section 97 and Section 98(4) CGST and KGST Acts (advance ruling)

! For the Practitioner

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

This ruling is useful for APMC commission agents who sell produce in their own name, because it separates the exempt commission service to the farmer from the taxable goods supply to the trader. It indicates that such agents must register under section 22(1) and charge tax on the goods they invoice. It does not decide the position of commission agents who invoice in the principal's name, which the circular treats differently. It also does not resolve the position of agents in other APMCs, such as Guntur, which the applicant cited without any finding.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> kar_aar_23_2019_morigeri_traders_12.09.2019.pdf

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